REMARKS

Applicants respectfully requests reconsideration and allowance of the present application in view of this Reply and Applicants' prior Replies.

I. CLAIMS STATUS

Claims 11 – 17, 19, 20, and 25 – 32 are currently pending in the application. Applicants amend claim 15 to clarify and more particularly point out features of the inventive method. The amendments to claim 15 are supported by the specification and drawings. See, e.g., Applicants' specification at page 19, lines 7 – 12. No new subject matter has been added. The pending claims are believed to be patentable over the cited references and in compliance with the patent statutes.

II. INTRODUCTION – APPLICANTS' INVESTMENT ADVICE EXCHANGE SYSTEM PRESENTS PATENTABLE ADVANCES IN INVESTMENT MANAGEMENT TECHOLOGY

Applicants' invention provides a unique computerized system and method for distributing and consuming professional investment advice on a subscription basis. Essentially, Applicants' inventive system allows individual investors to incorporate professionally recommended trades into their own personal investment portfolios, with unheard-of flexibility and efficiency.

To accomplish this end, Applicants' computerized system performs three basic functions. First, the exchange system brokers investment advice from multiple professional advisors. Unlike the investment management systems described in the cited references, in Applicants' system, the investment advice is in the form of specific trade recommendations, which precisely define tradable financial instruments (e.g., stocks, bonds, etc.) and terms (e.g., price, quantity, order type, etc.) necessary for trading the financial instruments in their respective financial markets. The second basic function of the exchange system is that it allows subscribing investors to interactively review and tailor the proffered trade recommendations prior to their execution. Among other things,

Applicants' system allows investors to weight recommendations from specific advisors. It also allows investors to accept, reject, or modify individual trade recommendations, as well as enter their own trades. The final basic function of Applicant's exchange system is that it sends the customized sets of investor trades to a separate brokerage accounts for execution.

It is this unique combination of functionality and investor interaction that sets Applicants' claimed invention apart from those systems described in Ray, Beaulieu and Luskin. In sharp contrast to Applicants' invention, Ray teaches an automated expert system that acts as an investment advisor. Ray's system does not gather and distribute trade recommendations from different advisors and it does not permit investors to selectively subscribe to various advisor strategies. Further, Ray' system provides no facility for allowing investors to weight advisor strategies or selectively alter individual trade recommendations.

Like Ray, the reference of Beaulieu also fails to teach or suggest Applicant's invention. Beaulieu teaches a computerized system for distributing investment research to subscribers. As taught by Beaulieu, the investment research is indirect investment advice, e.g., promotional materials, annual reports, government filings, etc., and does not include specific executable trades recommended by investment advisors, as claimed by Applicants. In no instance does Beaulieu teach or suggest a system that brokers concise trade recommendation from professional advisors, much less a system that allows individual investors to conveniently create and execute customized trades based on such recommendations.

With respect to Luskin, this reference teaches an investment fund management system that periodically adjusts investment asset mix as a function of changing risk. Luskin's system automatically maintains investor portfolios based investor information, such as risk tolerances, and market data, such as interest rates. Like Ray and Beaulieu, Luskin does not teach or suggest a system that gathers specific trade recommendations from different professional advisors and allows investors to interactively review and customize the recommendations for subsequent submission to an outside brokerage account. Moreover, Luskin plainly does not teach or suggest a system or method that permits investors to enter management weights that are then applied to sets of trades recommended by particular advisors. In sharp contrast to Applicants' invention, Luskin

teaches instead a relatively complex optimization routine that determines class weights, which are then applied to current investor asset holdings, not to incoming advisor trade recommendations, as claimed by Applicants. See Luskin FIG. 8.

As briefly described in the foregoing paragraphs, the combined teachings of the cited references do not reasonable teach or suggest to one of ordinary skill in the art the claimed invention as a whole.

Applicants further submit that the inventive system and method offer significant advantages over known investment management systems, such as those of Ray, Beaulieu and Luskin. Generally, the claimed system provides an efficient real-time distribution network for financial investment advice. A single advisor strategy can be used to formulate trade transactions for any number of investor portfolios.

From the advisor's perspective, the system can be viewed as a vehicle to sell specific investment advice in real-time, without having to conduct trade transactions on an investor's behalf. This uncoupling of trade recommendations from trade transactions allows for the creation of virtual mutual funds, which enjoy substantially lower administrative burdens and operating costs.

From an investor's point of view, the system provides a platform where personalized investment strategies can be designed from concise professional trading advice. The system can lower the cost of the advisory services to the investor, while giving them full control over their investment decisions and providing a convenient interface to their separate brokerage account for executing transactions.

These advantages, especially when considered in conjunction with unique aspects outlined above, weigh strongly in favor of the patentability of Applicants' claimed invention.

III. REJECTION UNDER 35 USC § 112

Claims 11 – 17, 19, 20 and 25 – 32 stand rejected under Section 112, 2nd paragraph as being indefinite. Applicants respectfully traverse this rejection. In addition, Applicants believe that amended claim 15 is sufficiently definite to satisfy the statute, and thus, respectfully request withdrawal of the rejection of claims 15 – 17, 19 – 20, 27 – 28 and 31 – 32.

With respect to claims 11 – 14, 25 – 26 and 29 – 30, Applicants respectfully disagree with the Examiner's conclusion that these claims are somehow indefinite. These claims are apparatus claims directed to a system for providing investment advice to investors over a computer network. Each element in these claims is recited in a means-plus-function form, in accordance with 35 USC § 112, paragraph 6.

In rejecting the claims, the Examiner stated that the "means for allowing an investor to subscribe . . .", "means for permitting the investor to enter . . .", and "means for allowing an investor to accept . . ." are not positive limitations because they do not require the investor to do anything, but only require the ability to do so. Applicants respectfully submit that this is not a proper basis for the rejection. Claims 11 – 14, 25 – 26 and 29 – 30 are to a system, not to an investor or the actions of an investor. The quoted claim language recites specific functionality of the system: functionality that defines the system's interface with the investor. For instance, "means for allowing an investor to subscribe to the investment strategies" requires that the system include some structure (e.g., a networked computer running software, as described in the specification) by which the investor can subscribe to the investment strategies; the "means for permitting the investor to enter, by way of the computer network, one or more investor-defined management weights" requires that the system include some structure (e.g., a networked computer running software, as described in the specification) by which the investor can enter investor-defined management weights via a computer network; and so forth. The recited functionalities are clearly positive limitations that define the metes and bounds of the invention. One of ordinary skill in the art would agree that the language of claims 11 – 14, 25 – 26 and 29 – 30 is sufficiently definite to positively define the invention.

With respect to claims 31 – 32, these claims are sufficiently definite to satisfy the statute. Claims 31 – 32 are directed to a method that provides interfaces. The claims are not to an investor. The claims recite positive acts of "providing an interface...." It is difficult to believe that one of ordinary skill in the art would find such claim language unclear. The claims also recite positive functional limitations of the interfaces provided. For example, claim 31 recites "providing an interface, by way of the computer network, for allowing the investor to compare historical or projected returns of the investment strategies". As discussed above, such functional claim language places clear limitations

on the claimed element, in this case, the interface. The claim language specifically defines the capability and function of the interface, i.e., the interface allows "the investor to compare historical or projected returns of the investment strategies". Interpreting such claim language as intended use claim limitations is entirely misplaced.

The Examiner appears to have taken the position that the claim language "means for allowing", "means for permitting" and "providing" is inherently unclear. A review of issued U.S. patents shows that this position is wholly inconsistent with common practices of the Examining Corps of the Patent Office. At least 12,849 U.S. patents have issued with claim language reciting a "means for allowing"[1]. Several examples of these patents are U.S. Patent 5,889,951; 6,336,142; and 6,820,061. Of these patents, at least 694 specifically recite a "means for allowing a user" or "means for allowing an operator", which are entirely analogous to Applicants' claimed "means for allowing an investor". At least 12,614 U.S. patents have issued with claim language reciting a "means for permitting". Several examples of these patents are U.S. Patent 5,558,582; 6,714,722; and 6,904,359. Of these patents, at least 340 recite a "means for permitting a user" or "means for permitting an operator", which are entirely analogous to Applicants' claimed "means for permitting an investor". About 71,575 issued U.S. patents include method claims that recite at least one step or act of "providing . . . ."

For at least the foregoing reasons, claims 11 – 17, 19, 20 and 25 – 32 are sufficiently definite to satisfy Section 112, paragraph 2 of the Patent Statutes.

IV. REJECTION UNDER 35 USC § 103(a)

Claims 11 – 17, 19, 20 and 25 – 32 stand rejected under 35 U.S.C. § 103(a) as being allegedly obvious in view of U.S. Patent No. 6,018,722 ("Ray"), U.S. Patent No. 5,502,637 ("Beaulieu") and U.S. Patent No. 5,812,987 ("Luskin"). Applicants respectfully traverse this rejection and submit that all of the pending claims are patentable over the cited references for at least the foregoing and following reasons.

The pending claims are patentable over the proposed combination of references because the combination fails to teach or suggest all of the features recited in independent

[1] These statistics were obtained by text searching the Delphion database of U.S. patents, which includes over four million issued U.S. patents.

claims 1 and 15. As the Examiner is aware, for a claim to be obvious, there must be 1) a suggestion or motivation to combine reference teachings, 2) a reasonable expectation of success, and 3) the references must teach or suggest all of the claim limitations. See MPEP § 2143; *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991). The courts have elaborated on the third element of the foregoing three-part test, establishing that for a proper rejection under 35 U.S.C. §103, the cited combination of references must disclose, teach, or suggest, either implicitly or explicitly, *all elements/features/steps of the claim* at issue. See, *e.g., In re Dow Chemical*, 5 U.S.P.Q.2d 1529, 1531 (Fed. Cir. 1988), and *In re Keller*, 208 U.S.P.Q.2d 871, 881 (CCPA 1981) (emphasis added). The current rejection does not satisfy the third element because the proposed combination is missing entirely at least several of the claimed features.

Referring to the claim language itself, the combined disclosures of Ray, Beaulieu and Luskin fail to reasonably teach or suggest to one of ordinary skill in the art the features recited in independent claim 11:

> "A system for providing investment advice to investors over a computer network, comprising:
>
> means for receiving a plurality of investment strategies from a plurality of investment advisors, each of the investment strategies being updated periodically and including a plurality of trade recommendations, wherein each of the trade recommendations specifies a financial instrument and terms necessary for trading the financial instrument in a respective financial market;
>
> means for allowing an investor to subscribe to the investment strategies;
>
> means for permitting the investor to enter, by way of the computer network, one or more investor-defined management weights;
>
> means for applying the investor-defined management weights to the investment strategies to generate a weighted portfolio of trade recommendations, the management weights defining the percentage of investor portfolio funds available for investing in the subscribed investment strategies;
>
> means for delivering the weighted portfolio of trade recommendations to the investor over the computer network during a trade recommendation distribution period;
>
> means for allowing the investor to accept, reject, or modify each of the trade recommendations of the weighted portfolio of trade recommendations, through the computer network, to produce a sequence of customized trade recommendations;
>
> means for permitting the investor to enter, by way of the computer network, one or more investor trades based on an investor-defined strategy, each of the investor trades specifying a financial instrument and

terms necessary for trading the financial instrument in a respective financial market; and

means for submitting the sequence of customized trade recommendations and the investor trades to a separate investor brokerage account for execution."

Applicants respectfully submit that a careful review of the references has found no instance in which Ray, Beaulieu and Luskin teach or suggest all of the above-quoted features to one of ordinary skill. In particular, the proposed combination of references does not teach or suggest: "means for permitting the investor to enter, by way of the computer network, one or more investor-defined management weights; means for applying the investor-defined management weights to the investment strategies to generate a weighted portfolio of trade recommendations, the management weights defining the percentage of investor portfolio funds available for investing in the subscribed investment strategies."

At pages 5 – 6 of the Office Action, the Examiner asserts that Luskin teaches applying investor-defined management weights to investment strategies to generate a weighted portfolio of trade recommendations. Applicants respectfully disagree with this interpretation of Luskin, and they respectfully submit that Luskin teaches instead a relatively complex optimization routine that determines class weights, which are then applied to current investor asset holdings, not to incoming advisor trade recommendations, as claimed by Applicants. Moreover, nowhere does Luskin (or any of the other cited references) teach or suggest the claimed "means for permitting the investor to enter, by way of the computer network, one or more investor-defined management weights", where the weights are then applied to advisor strategies.

Further, the proposed combination of references does not teach or suggest: "means for permitting the investor to enter, by way of the computer network, one or more investor trades based on an investor-defined strategy, each of the investor trades specifying a financial instrument and terms necessary for trading the financial instrument in a respective financial market; and means for submitting the sequence of customized trade recommendations and the investor trades to a separate investor brokerage account for execution."

In addition, the proposed combination of references does not teach or suggest: "means for allowing the investor to accept, reject, or modify each of the trade

recommendations of the weighted portfolio of trade recommendations, through the computer network, to produce a sequence of customized trade recommendations." At page 6 of the Office Action, the Examiner asserts that Luskin discloses the above-quoted feature at col. 4, lines 11 – 25. Applicants respectfully disagree with this overly broad interpretation of Luskin. Although Luskin does disclose general investor-specified attributes that designate allowable fund investments (e.g., funds must be invested in a specific technology or industry, etc.), this teaching does not suggest or teach to one of ordinary skill Applicants' claimed function, which allows an investor to review and possibly modify, on an individual basis, particular trades recommended by an investment advisor. Applicants respectfully submit that this assertion is unsupported by the teachings and suggestions of Luskin and the other cited references, and further, that there is no evidence in the record, either by citation to actual prior art references or by an Examiner's Affidavit under 37 CFR 1.107 supporting the Examiner's contention.

For at least the foregoing reasons, Applicants respectfully submit that claim 11 is patentable of the combination of Ray, Beaulieu and Luskin under Section 103(a).

Since claims 12 – 14, 25 – 26 and 29 – 30 depend from and contain all of the limitations of claim 11, they are likewise patentable over the combination of Ray, Beaulieu and Luskin under Section 103(a).

Claim 15 recites subject matter similar to that of claim 11, and therefore, claim 15, as well as claims 16 – 17, 19 – 20 and 27 – 28 by their dependency therefrom, are patentable over the cited references for at least the foregoing reasons.

In addition, claim 15 recites:

> "providing *an investor-accessible search utility for selecting a subset of trade recommendations from the weighted portfolio* based on a risk measure;
>
> receiving from the investor, through the computer network, an acceptance, rejection, or modification of each of the trade recommendations included in *the selected subset of trade recommendations*;
>
> producing a sequence of customized trade recommendation based on the received investor acceptance, rejection, or modification of each of the trade recommendations included in *the selected subset of trade recommendations* . . . ." (emphasis added)

In no instance do the cited references teach or suggest the above-quoted features of claim 15, particularly the search utility for selecting a "subset of trade recommendations from

the weighted portfolio" and the subsequent method steps manipulating the selected subset of trade recommendations. For at least this additional reason, claim 15, as well as those claims depending from claim 15, are independently patentable over the cited references.

V. CLAIMS 29 – 32 RECITE ADDITIONAL, INDEPENDENTLY PATENTABLE FEATURES THAT PROVIDE SUBSTANTIAL ADVANTAGES

Claims 29 and 31 are directed to a system interface that allows an investor to selectively subscribe to advisor strategies based on a comparison of historical or projected returns. Essentially, the interface allows the investor to comparison shop among competing advisor strategies. It is a unique, non-obvious feature that is entirely absent from the teachings of the cited references and is not suggested by their combination, particularly when considered together with the features recited in respective parent claims 11 and 15.

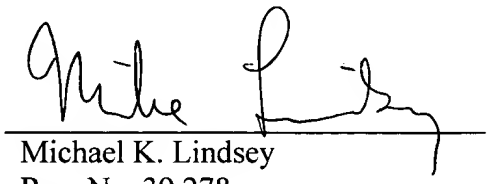
Claims 30 and 32 are directed to a system interface that allows investment advisors to define and store specific initial parameters for each investment strategy. The interface allows the advisors to more concisely define their strategies, in a manner that can be readily utilized within the exchange system. The interface is a unique, non-obvious feature that is entirely absent from the teachings of the cited references and is not suggested by their combination, particularly when considered together with the features recited in respective parent claims 11 and 15.

VI. CONCLUSION

Applicants believe that the pending claims are now in a condition for allowance. If, for any reason, the Examiner is unable to allow the application and feels that a telephone conference would be helpful to resolve any issues, the Examiner is respectfully requested to contact the undersigned attorney at 520-760-8268.

Respectfully submitted,

Date: October 23, 2006



Michael K. Lindsey
Reg. No. 39,278
Customer No. 48,490
Attorney for Applicants

GAVRILOVICH, DODD & LINDSEY, LLP
3303 N. Showdown Place
Tucson, AZ 85749
Telephone: (520) 760-8268
Facsimile: (520) 760-8269